

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 1927 - SB 2292**

February 26, 2016

**SUMMARY OF BILL:** Prohibits any prescriber other than a physician from prescribing any drug intended to treat symptoms of erectile dysfunction (ED). Requires a physician to perform the following prior to prescribing a drug intended to treat symptoms of ED: obtain a notarized affidavit from the patient in which at least one of the patient's sexual partners affirms that the patient has experienced symptoms of ED during the 90 days preceding the affidavit's date, if he has never been married, emancipated from a court, or otherwise freed from the care, custody, and control of his parents; conduct a cardiac stress test and obtain a result, described in writing, indicating that the patient's cardiac health is compatible with sexual activity; notify the patient in writing of the potential risks and complications associated with taking drugs intended to treat ED, as well as provide alternatives to ED medications, counseling regarding ED, and possible physical and psychological risks of taking ED medications; obtain the patient's signature on a form acknowledging the patient's receipt of the notification; and to provide a written statement, under penalty of perjury, that the drug being prescribed is necessary to treat the patient's symptoms of ED, which includes the physician's medical rationale for issuing the prescription.

Prohibits a physician from issuing a prescription for a drug intended to treat symptoms of ED any sooner than 48 hours after the patient provides written acknowledgement of potential risks and complications of, and alternatives to, taking such medications. Prohibits a physician from prescribing an ED medication to a man who is able to become partially erect. Prior to any refill of a prescription intended to ED symptoms, requires a patient to: visit a physician; undergo a cardiac stress test every 90 days while the patient is taking the drug; and attend 3 sessions of outpatient counseling within a period of not less than 6 months. Prohibits physician and hospitals from being coerced to prescribe ED medications.

Establishes that group insurance plans for state, local education, and local government employees shall not cover drugs intended to treat ED.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – Net Impact - \$267,500**

**Increase Local Expenditures – Net Impact - \$15,800\***

**HB 1927 - SB 2292**

Assumptions:

- Erectile dysfunction (ED) drugs are not covered by plans administered by TennCare.
- This legislation prohibits coverage of ED drugs for group insurance plans administered by the Division of Benefits Administration for state, local education, and local government employees.
- According to the Division of Benefits Administration, the State Employee, Local Education, and Local Government health plans incur approximately \$962,778 of expenditures across the three plans for the use of such medication.
- A decrease in state expenditures of \$962,778 across three plans as follows:
  - State Employee Health Plan is \$519,900 ( $\$962,778 \times 54\%$ );
  - Local Education Plan is \$375,483 ( $\$962,778 \times 39\%$ );
  - Local Government Plan is \$67,394 ( $\$962,778 \times 7\%$ ).
- The state covers 80 percent of the employees' health costs in the State Employee Health Plan resulting in a decrease in state expenditures of \$415,920 ( $\$519,900 \times 80\%$ ).
- The state portion of the Local Education Plan is 45 percent of LEA instructional staff which is approximately 75 percent of LEA employees and 30 percent for support staff which is approximately 25 percent of LEA staff. The decrease in state expenditures relative to the Local Education Plan is estimated to be \$154,887 [ $(\$375,483 \times 75\% \times 45\%) + (\$375,483 \times 25\% \times 30\%)$ ].
- Each local government that opts into the state sponsored health plan is responsible for paying a percentage of the costs which is determined by the local government. It is assumed that local governments will cover at least 50 percent of the cost resulting in a decrease in local expenditures which exceeds \$33,697 ( $\$67,394 \times 50\%$ ).
- A decrease in state expenditures of \$570,807 ( $\$415,920 + \$154,887$ ).
- This legislation requires any individual, prior to being prescribed an ED medication, to visit a doctor. In addition, such patient is required to undergo a cardiac stress test every 90 days while using ED medications and to attend 3 sessions of outpatient counseling within a period of not less than 6 months.
- According to the Division of Benefits Administration, the plan for state employees, the local education plan, and local government employee plan will be required to cover the costs for ED medication subscribers to visit a physician as will be required to attain ED medication.
- Currently, plan subscribers are assumed to visit the doctor once a year.
- An average of three additional physician visits to meet the requirements of this legislation for any subscriber to a plan administered by the Division of Benefits Administration, who, despite receiving no coverage or drug subsidy for ED medication, purchases the medication out-of-pocket.
- An increase in state expenditures of \$1,413,927 across three plans as follows:
  - State Employee Health Plan is \$763,521 ( $\$1,413,927 \times 54\%$ );
  - Local Education Plan is \$551,432 ( $\$1,413,927 \times 39\%$ );
  - Local Government Plan is \$98,975 ( $\$1,413,927 \times 7\%$ ).
- The state covers 80 percent of the employees' health costs in the State Employee Health Plan resulting in an increase in state expenditures of \$610,817 ( $\$763,521 \times 80\%$ ).

- The state portion of the Local Education Plan is 45 percent of LEA instructional staff which is approximately 75 percent of LEA employees and 30 percent for support staff which is approximately 25 percent of LEA staff. The increase in state expenditures is estimated to be \$227,465  $[(\$551,432 \times 75\% \times 45\%) + (\$551,432 \times 25\% \times 30\%)]$ .
- Each local government that ops into the state sponsored health plan is responsible for paying a percentage of the costs which is determined by the local government. It is assumed that local governments will cover at least 50 percent of the cost resulting in a increase in local expenditures which exceeds \$49,488  $(\$98,975 \times 50\%)$ .
- An increase in state expenditures of \$838,282  $(\$610,817 + \$227,465)$ .
- An increase in local expenditures of \$49,488.
- A net recurring increase in state expenditures of \$267,475  $(\$838,282 - \$570,807)$ .
- A net recurring increase in local expenditures of \$15,791  $(\$49,488 - \$33,697)$ .

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/jdb